

SPRINGFAIR
AUTUMNFAIR

CONSUMER TRENDS



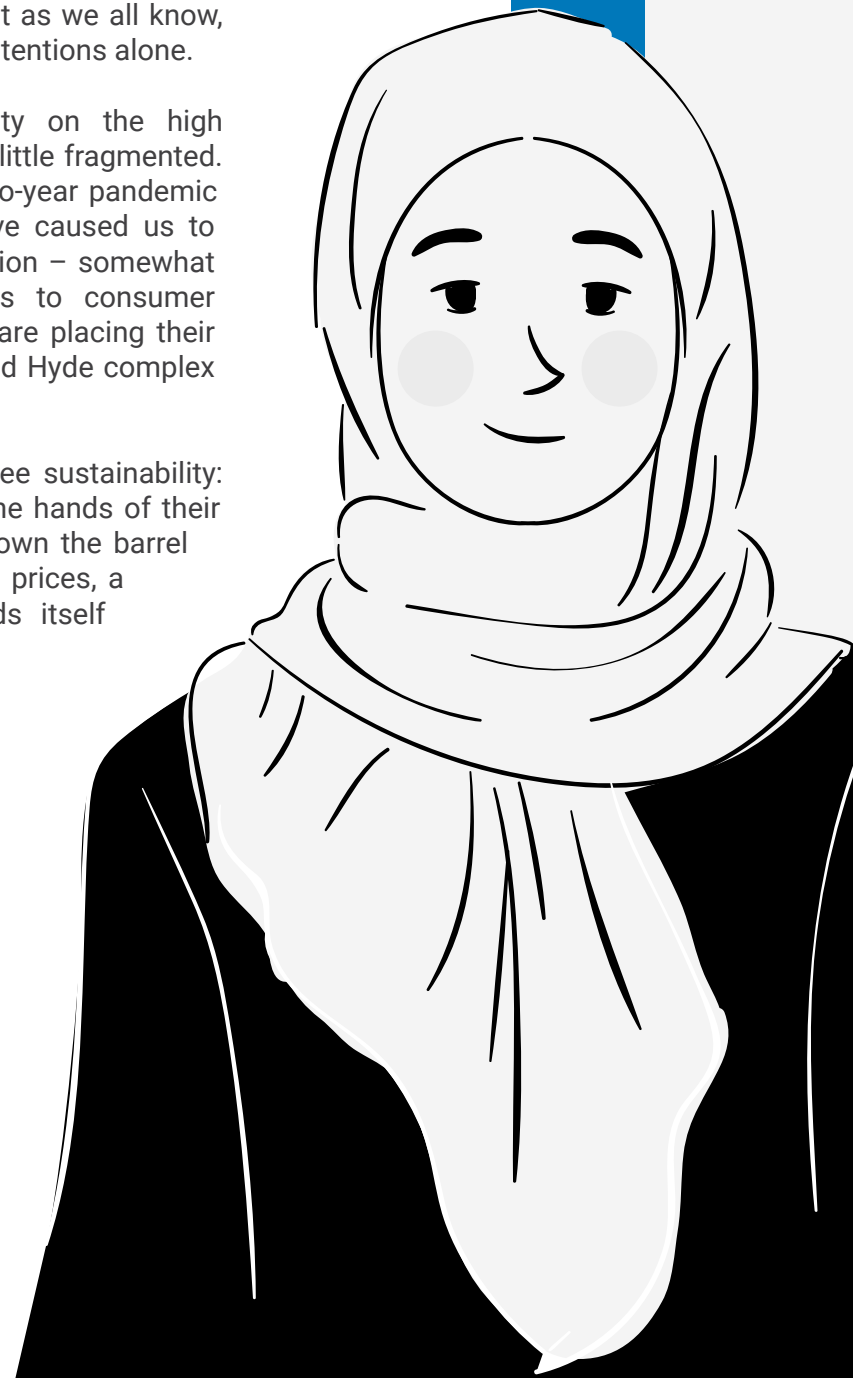
The conscious consumer: Insight on our generation of sustainable shoppers

Today's shopper is conscientious. Today's shopper is more aware of the environmental impact of the products they purchase than ever before. Today's shopper is also well-intentioned. But as we all know, the planet won't be saved by good intentions alone.

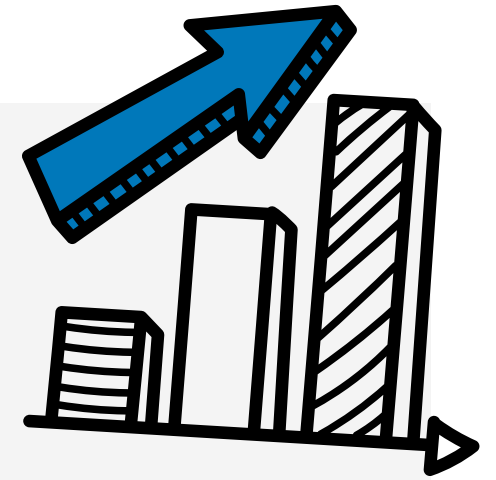
The narrative around sustainability on the high street is – if anything right now - a little fragmented. Circumstances, coming out of a two-year pandemic and into a cost-of-living crisis, have caused us to become a nation – if not a population – somewhat divided internally. When it comes to consumer sensibilities and where customers are placing their money right now, there's a Jekyll and Hyde complex taking a hold.

More than ever, families want to see sustainability: in their homes, on their plates, in the hands of their children. But we are also staring down the barrel of record inflation, hiked up energy prices, a recession, and whatever else finds itself applying the squeeze right now.

If the wall to climb to true sustainability were a perfect crumb structure of a Victoria sponge, what we have currently is a bit of a trifle.



The Family insights



There's no denying that environmental concern is high up the family agenda.

According to the latest global data from The Insights Family, 34% of kids tell us they are learning the most about environmental matters from their parents. This is higher than online (28%) or in school.

Here in the UK, 71% of parents say they actively encourage their children to think about their actions and impact on the environment, while nearly 40% of kids aged up to 15 are willing to spend their own money on products or services that are deemed as more beneficial to the environment.

It's therefore reasonable to conclude that kids are being made aware, and that knowledge is coming – by and large – from the family setting.

Environmentalism is in the day-to-day lexicon of today's children; the awareness of plastic pollution and the need for change, too. Add to this the access to social media and the power of 'influencer economy', you can also be certain that children are finding their voice on this subject.

But putting it into practice is facing some real headwinds.

Right now, around 60% of consumers are concerned about their personal finances. As much as 70% of consumers think their personal finances are going to get worse over the next three months, and around a third are worried about levels of debt and rising interest rates.

In the face of it all, 86% of consumers say they are planning to cut back spending in some way over the next year. The cost-of-living crisis is real.

"The challenge right now is that for many consumers, we've walked out of a pandemic and into a cost-of-living crisis. The challenges around sustainability and the behaviours around sustainability are being compromised towards the ambition to make consumer finances stretch as far as possible."

Richard Lim
CEO,
Retail Economics

Reality bites

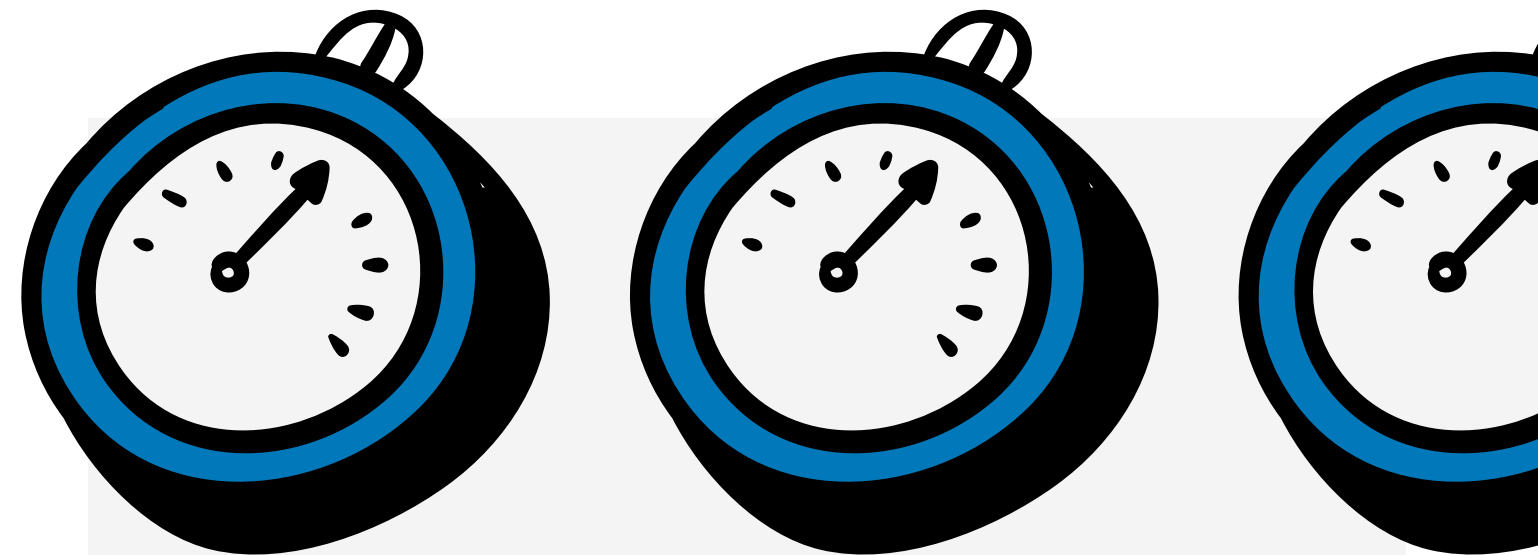
It's probably a question you've asked yourself more than once recently. After all the essentials go out, **how much spare cash remains at the end of the month?**

Even the most affluent have noticed a drop compared to last year. The least affluent, meanwhile, are seeing a decline of almost 16% - driven by inflation. £77 less each month compared to this time last year for households on £16,000 a year or less is a huge hit. It's no doubt that shopping sustainably is under pressure.

The food charities, FareShare and the Trussell Trust have recently revealed – through a campaign launched with Tesco – that they expect to provide food support to more than 1.2 million people this winter. In fact, FareShare forecasts it will redistribute more than 13,000 tonnes of food to people this winter, while the Trussell Trust reported that 320,000 people used a food bank for the first time between April and September 2022.

With numbers like this to consider, it comes as no surprise when Retail Economics' Richard tells us that "sustainability is coming down the priority ranking this year." And that's across all age and income groups.

"Even the high-income households," says Richard. "If they are expecting pressure, they are not willing to spend that little bit extra on sustainable products."



But we know we must act

Yet we know we must continue to act. The cost of not doing is far greater. It's according to The RSPB and its recently launched Nature Positive Business pledge that \$44 trillion of the global economy – that's over half the global GDP – directly depends on nature and its services. The human population, meanwhile, accounts for 0.01% of life on the planet yet has already caused the loss of 83% of all mammals and half of all plants.

The power to reverse our fortune, even now, remains in our hands.

Consumer spend is a powerful thing and it remains true that the consumer will play a pivotal role in our transition to sustainability. In fact, 40% of consumers see the responsibility they have as the greatest – their influence will be what drives carbon emissions down across the economy.

Richard Lim
CEO,
Retail Economics

“We have seen a big shift in people who are willing to buy second hand; a significant rise in the circular economy. 40% of consumers are now saying they have purchased second hand over the last 12 months.”

The percentages are reasonably well-balanced between those shopping second hand for affordability (around 60%) and those doing it for reasons of sustainability (around 40%). But what is most interesting is how of those shopping second hand and pre-loved for its circularity – it is the millennial and Gen Z audience that is leading the party.

The second-hand market – particularly in fashion – is rocketing. Throughout 2022, the online resale giant eBay UK reported the sale of one pre-loved item every second. Meanwhile, high street fashion brands including Zara and H&M are jumping on the demand for second hand by introducing their own pre-loved platforms in stores and online.

The Lithuanian ‘unicorn’ start-up, Vinted has become Europe’s biggest app for buying and selling used clothes, and while in an interview with the Financial Times, the platform’s ceo Thomas Plantenga admitted that second hand “is still a drop in

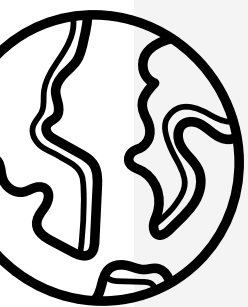
the ocean” accounting for just 3 – 4% of the total apparel market – there’s a reason that Vinted is hiring and expanding while others are slashing jobs.

Vinted now boasts more than 75 million registered users in 18 countries, most of them female and aged between 18 and 39. Its revenues in 2021 were up 65% from the previous year to €245 million and in the first nine months of 2022, they increased another 37% to €238 million. It’s now looking to add to its 1,500 employees by recruiting “hundreds of people through 2022 and into 2023”

Over at eBay UK, predictions have been drawn up that UK shoppers will lean into second hand shopping for Christmas 2022 unlike ever before. The latest research found that 52% of people will be shopping for second hand or refurbished products, throughout the festive season and beyond, citing ‘saving money’ as their top incentive for doing so.

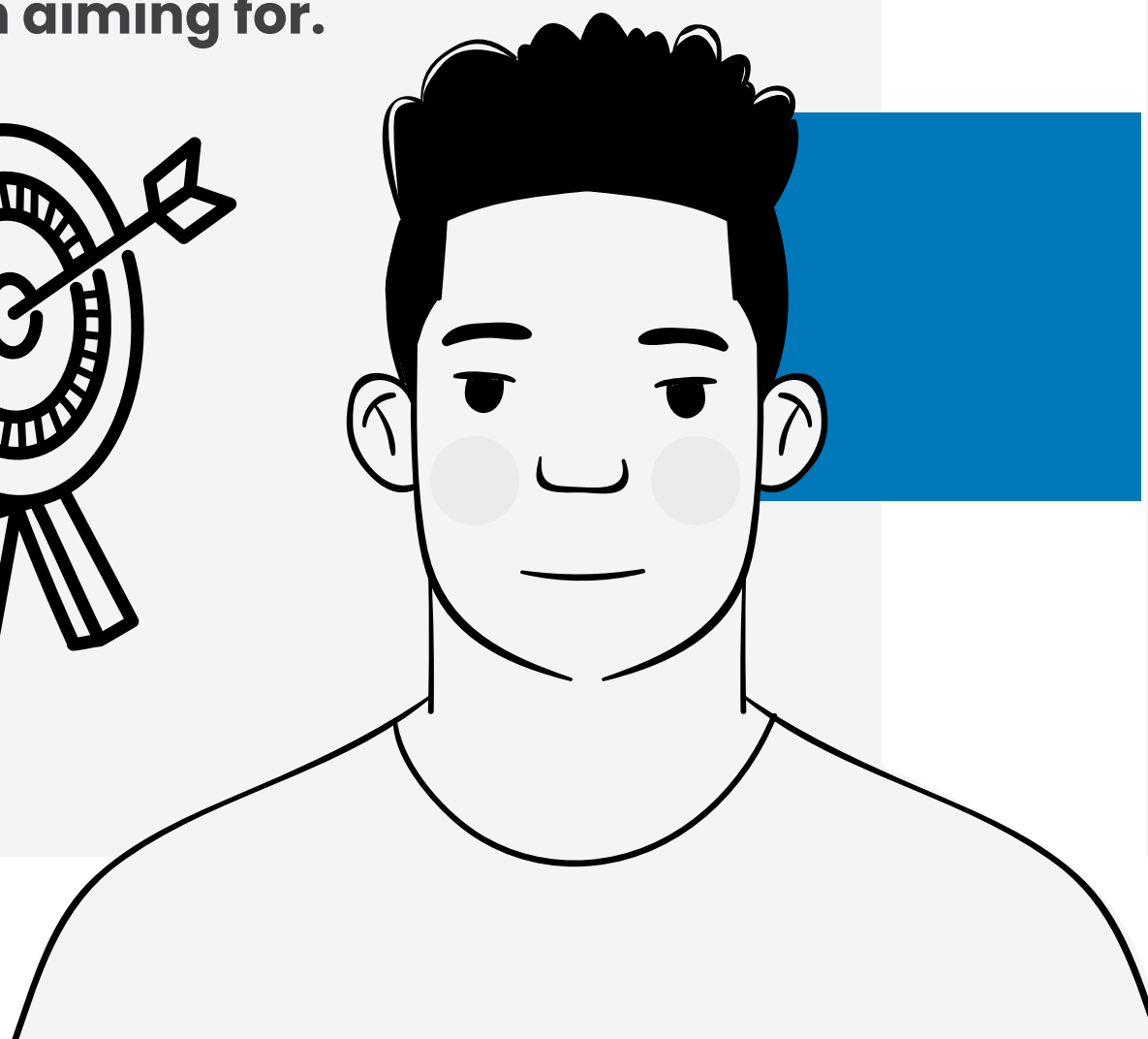
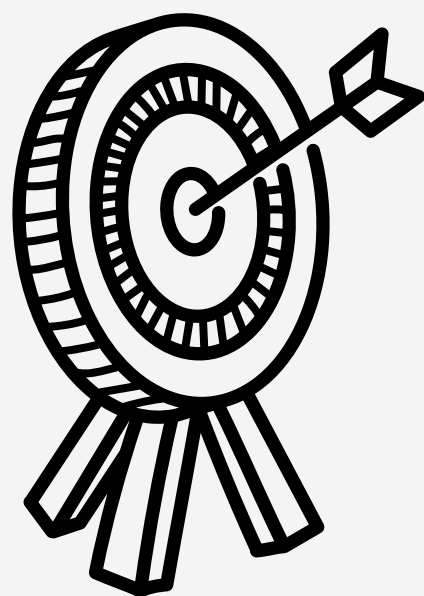
**A drop in
the ocean...
making
ripples**





Data compiled between eBay UK and the Waste and Resources Action Programme (WRAP) suggests that efforts to shift to pre-loved could save some 300,000 tonnes from landfill every year. That's the equivalent of filling the Royal Albert Hall six times over. It would also reduce carbon emissions by at least 1.5 million tonnes, which is the equivalent of taking 323,000 cars off the road for one year.

That's a target worth aiming for.



Richard Lim
CEO,
Retail Economics

In September 2022 (or 'Second Hand September' as it has been coined by the UK charity, Oxfam) the British Retail Consortium joined forces with retailers, resale platforms, charity retailers and other experts to develop its own guideline on Second Hand and Preloved Items – a piece of guidance crafted to 'help the retail sector on its journey to a circular economy.'

It was introduced following the WRAP research that while 88% of people want brands to help them live sustainably, an estimated £140 million worth of clothing still ends up in landfill every year.

The big picture here is becoming all the clearer. The cost-of-living crisis is not a get out of jail free card for brands, retailers, and the transition towards a circular economy.

"Brands and retailers can't afford to deprioritise their ambitions around sustainability because they will be at risk from consumers boycotting their brands. Consumers are not willing to budge on ESG credentials."

According to joint research from Dentsu International and Microsoft Advertising published in December 2021, 59% of consumers are now prepared to force change by boycotting businesses seen as 'failing to prioritise the environment.'

An almost overwhelming 91% of the public wish to see brands 'show by example' and demonstrate the actions they are taking to support the planet, and no less than 45% are willing to consider alternative brands and services to make this happen.

So, affordable sustainability has become a goal to reach. And it's something that has been in the eyeline of some of the UK's largest retailers for quite some time.

The supermarket giant, Asda was an early adopter of large-scale sustainability strategies to drive down carbon emissions and reduce waste.

Initiatives to have fallen under its plan to date include a partnership with Pre-Loved Kilo to bring pre-loved clothing sections to its George at Asda departments in stores across the UK as well as the adoption of 3D digital design processes under its George clothing unit to drive down supply chain emissions and reduce material waste.

Most recently, the supermarket announced its new 'refill price promise' guaranteeing that each refill product will be cheaper than packaged alternatives as part of its new refill proposition. It's the latest development of a refill option first introduced two years ago and draws on its new partnership with WRAP and Unilever, with funding from Innovate UK, to overcome customer barriers to refill participation.

"We know the cost-of-living crisis is having a big effect on our customers, so it is important we recognise this in the refill space through our 'refill price promise' and ensure customers are getting an even better deal,"

said Susan Thomas, Asda senior director of sustainable commercial activity.

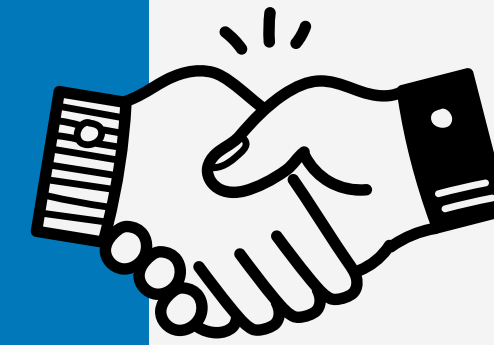
"As well as being cheaper, refill allows customers to buy the exact amount they need, helping them stick to budgets, while at the same time reducing food waste at home."

Elsewhere on the high street, it's been a little over one year since Primark launched its sustainability strategy, Primark Cares in September 2021 and in that time the fashion retailer has seen its volume of Primark clothing containing recycled or more sustainably-sourced materials grow from 25% to 45%, putting its commitment to transition 100% of its clothes to the Primark Cares label by 2030 – while keeping the same value pricing – well on track.

Among the numerous initiatives encircled by the retailer's sustainability plan, Primark Cares has piloted a new Circular Design Training Programme that will be scaled up over the coming 12 months. At the same time, 43 repair workshops took place across the UK and Republic of Ireland to encourage customers and colleagues to keep and wear their clothes for longer.

It's also well on the radar at Hyve Group, the team behind the Spring and Autumn Fair European trade and retail buying shows. Hyve has launched a brand new event – Source Home & Gift – currently co-located with Spring and Autumn Fair, where it will showcase the global suppliers taking real, tangible steps towards more responsible retail activity.

Central to the event will be 'accessible sustainability', taking into consideration the multitude of headwinds being faced by retailers and consumers alike, while encouraging positive and sustainable change.



End-of-life, too, is working its way up the agenda. Hyve's Source Fashion show enjoys a partnership with The Salvation Army who, through its patented clothing recycling system Fibresort and reuse model, prevents around 55,000 tonnes of clothing and home textiles from being disposed of each year. That's the equivalent of saving over one quarter of a million tonnes of greenhouse gas emissions entering the atmosphere.

"98% of the clothing we receive is reused or recycled in the UK and items going to landfill are kept to an absolute minimum – less than 2% in the UK and less than 5% globally," said a representative of The Salvation Army.

"The more second-hand clothing we can process through our existing channels and through recycling systems such as Fibresort, the more we reclaim and divert away from disposal and landfill. Our aim is to repurpose more second-hand clothing and, working with our retail partners, to 'resupply' more recycled materials into established supply chains."

And it so happens that the importance of the reuse market is something that brands and retailers are becoming increasingly aware of. Larger numbers of high street names are beginning to explore, in greater depth, circular economic principles, including repair and refurbish, and how they can start to build them into their own operations.

Meanwhile, the transition to the circular economy has been underscored as 'crucial' if we are to drive carbon emissions down, end plastic pollution and start to regenerate the natural world upon which all our businesses depend.



Legislation will have its role to play

Waves of new legislation soon to be sweeping the global markets will, of course, do their bit to nudge producers and manufacturers towards true circularity, including the likes of reuse and refill on the high street, through the introduction of taxes like Extended Producer Responsibility here in the UK, or the Green Deal across the European Union.

The intention? To increase costs associated with materials that are harder to recycle and prompt a shift to those circular principles of reuse and refill. Afterall, who ultimately foots the bill when prices increase? That's right, the consumer.

Be sure to wrap your head around the upcoming legislative changes with the Products of Change Legislation paper

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